



## Fiscal Estimate Narratives

DOR 3/8/2004

LRB Number	<b>03-4245/1</b>	Introduction Number	<b>SB-528</b>	Estimate Type	<b>Original</b>
<b>Subject</b>					
Deferred compensation program with the State of Wisconsin Investment Board for individuals					

### Assumptions Used in Arriving at Fiscal Estimate

This bill would require the State of Wisconsin Investment Board (SWIB) to create a deferred compensation program. Private sector Wisconsin employees would be allowed to place funds with SWIB for investment. These funds and any investment return on the funds would be paid to individuals upon retirement or termination or employment. This bill would allow an individual to deduct from federal adjusted gross income any amount of contributions the individual makes to his or her account under this program. Gains that accrue to such an account are also tax-exempt if the gains are redeposited into the account.

The Department does not have data available on the amount that would be invested in the proposed deferred compensation program or the number of individuals that would open accounts under this program. Based on discussions with the State of Wisconsin Investment Board (SWIB), it is assumed that about 1% of the tax filing population of 2.7 million, or 27,000 filers, would participate in this program. Assuming each of the participating 27,000 filers contributes \$1,000 annually and assuming an average marginal tax rate of 5.5%, state income tax revenues would decrease by \$1.5 million (27,000 x \$1,000 x .055). However, the fiscal effect could be much larger if participation in the program is higher or program participants contribute more than \$1,000 to their accounts each year.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

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Deferred compensation program with the State of Wisconsin Investment Board for individuals		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>		
<b>II. Annualized Costs:</b>	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs      Decreased Costs	
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$	
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$</b> <b>\$</b>	
<b>B. State Costs by Source of Funds</b>		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	State	Local
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$SeeText	\$
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
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